

Annual Report & Financial Statements

For the year ended 31st Dec 2022



SHEFFIELD DIOCESE BOARD OF FINANCE

Company Number: 196087

Registered Charity Number: 245861

The Diocese of Sheffield is called to grow a sustainable network of Christ-like, lively and diverse Christian communities in every place, which are effective in making disciples and in seeking to transform our society and God's world

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ANNUAL REPORT

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2022. In signing as Trustees, they also sign the strategic report sections in their capacity as Directors. This combined report satisfies the legal requirements for:

The Directors' Report of a charitable company

The Strategic Report under the Companies Act 2006, and

The Trustees Annual Report under the Charities Act 2011

FORWARD

I am immensely proud of the way DBF staff and clergy and lay leaders across the Diocese have responded to the extraordinary challenges of the past three years (2020-2022). The global pandemic has been followed by a severe cost of living crisis, and the two together have put considerable additional pressure on both DBF and parish finances.

I am grateful to our Finance Director and other DBF staff for some shrewd stewardship of our assets, freeing up significant reserves in the process, and for embedding a whole new accountancy software which will assist our financial management going forward. Equally, I am grateful to lay and clergy leaders in our parishes and mission areas for the generosity which has meant that Common Fund receipts in 2022 exceeded those we received in 2021: the first year on year increase in the six years since I became Bishop of Sheffield. And I am grateful to national church colleagues for their continued investment in our Diocese.

The Lord has continued to bless our efforts to fulfil our vision, 'to grow a sustainable network of Christ-like, lively and diverse Christian communities in every place which are effective in making disciples and in seeking to transform our society and God's world'. It has been gratifying to see the continued growth, and national influence, of our Centenary Project — successfully navigating the transition from first to second generation of leadership. We have seen the integration of the former St Peter's College and Parish Support Team into the new Resourcing Mission and Ministry team, under the leadership of a newly appointed Director of Mission and Ministry. Likewise, it has been heartening to see momentum growing at Rotherham Minster and St John the Evangelist, Goole through the SDF-funded projects in those places; and I thank God for the two further church grafts which took place in 2022, to Norfolk Park & Arbourthorne and to Totley. It has also been a great encouragement that we were able to fill all 14 stipendiary incumbency vacancies in 2022, in the process reversing the decline in the proportion of female incumbents in the Diocese, so that by the end of the year it was close to 30%. In 2022, thanks especially to the work of Bishop Sophie, but also to a newly appointed DDO, we also ordained the highest number of

stipendiary deacons (10) any of us can remember: this influx of new missional energy and giftedness gives me great joy.

For these and all his mercies may the name of the Lord be blessed and praised.

The Rt Revd Dr Pete Wilcox, Bishop of Sheffield

2022 saw the end to the worst of the physical constraints brought about by COVID 19, although the scars and loss still remain as our worshipping communities move forward. The war in The Ukraine and the consequent impact on both inflation and interest rates has been an additional challenge felt in our church communities and the finances of the Diocese.

However, although still a significant drain on our resources, the general funds deficit of £1.1m is significantly less than the originally approved budget deficit of £1.9m. The largest variance is the result of savings from employing fewer clergy due to slower than expected recruitment. While this is a short-term gain it underlines the strategic importance of the curates' pipeline for the future growth of the Diocese.

We continue to be supported by the church nationally, not only with specific support for our low-income communities, but also for the growth initiatives we are embarked on, such as the investment in curates.

In stewarding the resources entrusted to us, we are mindful that they are finite, but God isn't. We seek financial sustainability for our initiatives, recognising that as a Diocese we need to come together to support further those in more financial need. However, our overarching desire is to see Kingdom sustainability and indeed growth.

Ian Walker, Chair of Sheffield Diocesan Board of Finance

LEGAL OBJECTS

The Sheffield Diocesan Board of Finance's ("SDBF") principal object is to promote, assist and advance the religious and other charitable work of the Church of England in the Diocese of Sheffield by acting as the financial executive of the Sheffield Diocesan Synod. The objects of the Diocese of Sheffield cover most of the County of South Yorkshire with a small part of the East Riding and one parish in North Yorkshire.

The SDBF has the following statutory responsibilities;

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- iii. the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991
- iv. the custodian of permanent endowment and property assets relating to trusts held by Incumbents and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

STRATEGIC AIMS AND OBJECTIVES

The SDBF manages the financial aspects of the provision of ministry within the Diocese ensuring appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities.

The Diocese of Sheffield continues:

- i. to ensure a Christian presence in every parish;
- ii. to provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith;
- iii. to engage actively in local debate and ensure that Christian voices are heard in all areas of public life, including schools, universities, and in local communities; and
- iv. to manage diocesan resources effectively to meet the legal objects of the Diocese.

In promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the Trustees are confident (having had regard to Charity Commission guidance) that SDBF delivers public benefit. This is achieved through community engagement, resourcing education and supporting those in need both spiritually and physically.

ACTIVITIES & ACHIEVEMENTS IN THE YEAR

Progress Against our Strategy in 2022

In spite of the continued challenges following the pandemic we have continued to work throughout 2022 towards the implementation of our 3Rs Strategy: “Renewed, Released and Rejuvenated”.

Our prayer community has continued to grow with 1,327 members against a target of 2,025 members by 2025.

We have delivered 6 Deanery Prayer events with strong levels of engagement. We have also continued to make progress against targets for the Rejuvenated strand of the strategy. The table below shows our progress to date:

	Current number 2022	Target number 2025
Resourcing Churches	10	12
New Congregations Sheffield & Rotherham	8	25
New Congregations Doncaster	9	25
New Congregations Schools	11	25

We currently have 57 authorised Focal Ministers across the Diocese. This exceeds the target of 30 for the year and is very promising for the longer-term sustainability of the Oversight model of ministry. 40 individual Oversight Ministers are now licenced on the new style role description, this covers 74 parishes. Associate Archdeacons are proving valuable in supporting parishes on the ground to find ways forward and implement the strategy. Feedback relating to clergy wellbeing from engagement with their Associate Archdeacon is positive.

The Statistics for Mission for 2022 show that there are positive signs of ongoing recovery from pre-pandemic levels. Estimated attendance including both onsite and online indicates October 2022 attendance to 83% of 2019 levels. Of those with data, 37 churches (22%) experienced growth in their worshipping community, 51 churches (24%) remained steady, with 84 (49%) below 2018. 38 churches (22%) experienced growth in their usual Sunday attendance, 54 churches (25%) remained steady, with 84 (48%) below 2018 levels.

Work supported by National Church Funding: Strategic Development Funding and Transformation Funding

Centenary Project

The Centenary Project has continued to have a significant impact and has gained national recognition as a model of best practice. 22 Centenary Project Workers are now in post, and a further 5 posts will be created as part of the Diocese of Sheffield's successful Revitalisation funding application in the next 18 months. 1,139 children and young people engaged with CPW-run groups during Quarter 4 2022.

The SDF element of the project formally ended in 2022, but a remaining underspend has been carried forward into the first 6 months of 2023. From then, the project will continue in full and is fully funded until 2025 (with original Diocesan funding). Future sustainability

and expansion options are being explored with the full support of Bishop's Council and Programme Board.

Resourcing Churches

Both Rotherham and Goole teams were able to build momentum in 2022. Overall growth in the worshipping community, engaged disciples and new congregations at both places was slower than expected due to the pandemic – particularly in Goole where the starting point was much lower – but we are seeing some positive, steady growth with solid foundations in place.

Good prayerful plans are in place, lots of missional activities underway and the relational fringe in both places is thriving with links emerging in all aspects of church life. The growth of the relational fringe is a key part of the strategy of growth in the worshipping community and engaged disciples and is a key indicator of the direction of travel.

The civic role of both churches became more prominent in 2022. Momentum continues to grow and there is excitement in both places as we enter the penultimate year of the project.

Strategic Transformation Funding

The Transformation programme – an award of £4.9m from the Archbishops' Council's Strategic Investment Board in 2020 - supports our 3Rs strategy delivery; it is the 'rocket fuel' to help us achieve our vision.

2022 marked real progress made in delivery. Coaching and mentoring of Oversight Ministers / Clergy by Associate Archdeacon Transition Enablers progressed as we journey to the new model of ministry. The rollout of Unconscious Bias training to parishes, creation of Learning Communities is well underway in 4 out of 6 twinned deaneries.

40 Oversight Ministers are now licensed and more clergy recruitment is underway, Oversight Leadership Formation Days (replacing Leading Well) are being positively received by clergy. 72 Focal Ministers are now authorised in 11 out of 12 deaneries with 25 churches actively engaged with our Personal Rule of Life and 253 people attending workshops.

Recruitment for Mission Area Support team is almost complete and we have received very positive feedback from parishes receiving this new coordinated 'centrally employed and locally deployed' support.

The Common Fund Review has been completed and concluded. In light of the current climate – it has been decided to pause implementation of any new system; this recommendation was approved by the Finance & Property Committee and Bishop's Council. This will be reviewed again in late 2023 and be informed by work on triennium funding and pledges for 2024.

Sound monitoring and governance of the whole programme has continued to ensure delivery of outcomes is kept on track; a third positive Delivery Assurance Review took place with national church during 2022. With the introduction of the new Diocesan data analyst, accessibility of data and how it is combined has speeded up and transformed decision making.

The Diocese has drawn down £1.3m of the £4.9m Strategic Transformation allocated funding to date against expenses incurred.

Education

Church of England Schools are a vital part of the work and ministry of the Diocese. There are 38 primary schools and 1 secondary school in the Diocese of Sheffield educating about 9,500 students.

The Diocesan Boards of Education Measure and our resultant new scheme were presented at Diocesan Synod on 27th November 2021 and passed with no questions or concerns, such that the legal Diocese of Sheffield Board of Education (DBE) role is now held by the Diocesan Board of Finance. However, our new scheme commits us to maintaining the regular Education Board, which functions as a committee of the DBF. Elections to this new structure took place in the Autumn and the new body commenced on 1st January 2022.

The Diocese of Sheffield Board of Education (DBE) remains committed to the development of effective collaboration with, and between, our Church Schools; to the celebration of the excellent work that has been, and will be, carried out in our Church Schools; and to the supporting and enrichment of Church Schools' distinctive offering of teaching and learning within a Christian context.

Centrally organised and provided Diocesan support has returned, including the successful "Understanding Christianity" training which, this year, has a cohort that mixed, with half from church schools and half the participants working in community schools, located within the Diocese. There has also been a welcome return of other training such as SIAMS Preparation, workshops on Child Spiritual Development, Liturgy and Worship and our regular Leadership Briefings. The Diocese is also providing other training in RE for schools across the region.

Our Diocesan Schools have continued their journeys of improvement, moving from 85% good or outstanding in January 2018 to 95% good or outstanding in January 2023, with schools that were previously graded as inadequate in OFSTED inspections of preceding years now evaluated as good. There are no inadequate schools in the Diocese of Sheffield and the remaining 'Requires Improvement' include schools awaiting an inspection to enable them to change that grading.

The Diocese offers good provision in all its schools.

After a lull during the period affected by Covid, the Diocese has returned to engagement with the national programme enabling schools to become academies. 75% of our schools have converted or are in the conversion process. The Diocese of Sheffield Academies Trust (DSAT) and James Montgomery Trust

(JMAT) continue to be the two voluntary aided trusts within the Diocese, along with St Mary's Academy Trust (SMAT), the trust shared with the Diocese of Leeds. DSAT, our Diocese-led trust, now serves 15 schools. The Trust is recognised by the DFE as an effective potential partner in supporting schools in difficulty.

The process of establishing 20 to 25 school-based congregations in our church schools has now restarted and conversations have commenced about new projects.

The Board of Faith and Justice

As a Diocese we are passionate about issues of social justice. Much of this work is co-ordinated through the Board of Faith and Justice. The Board's work is shaped by the strategy document Salt and Light – A strategy for serving and transforming our society and God's World. In particular, the Board has focussed on developing the Diocesan response across the last 3 Marks of Mission of the Anglican Communion:

- i. To respond to human need by loving service;
- ii. To seek to transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation.
- iii. To strive to safeguard the Integrity of creation and sustain and renew the life of the earth. The Board carries out much of its active business through working groups, each dedicated to a specific area of Salt and Light concern with terms of reference and membership established by the Board.

Throughout the year, the Board played a vital role in promoting social justice, fostering inclusivity, and supporting the working groups listed below. The board consists of dedicated individuals who worked tirelessly to address pressing issues and make a positive impact on the lives of people in the diocese. Moreover, the board actively engaged with various advocacy efforts, both at the local and national levels. They voiced their concerns and opinions on social issues such as racial justice, environmental sustainability, and social justice. By actively participating in discussions and advocating for change, the board worked towards creating a more just and compassionate society.

Throughout 2022 the following working groups were active;

Mental Health
Diocesan Resource Group for Seniors (DRGS)
Black, Asian and Minority Ethnic Anglicans (BAME)
Dementia
Poverty & Inequality
Global Justice
Climate Change and Environment.

In 2022, the Diversity in Participation group was established in response to the Archbishops' Anti-Racism Taskforce (published in 2021). The group released a vision and commitment for racial justice in our diocese. The next step is to develop a road map of activity to help us achieve this vision.

Work continued towards our carbon neutral plans through the Net Zero Steering Group. 20 more churches achieved the A Rocha bronze level or above accreditation (13 Bronze

Sheffield Diocesan Board of Finance – annual report and financial statements for the year ended 31 December 2022

and 7 silver). The central office also submitted its application. This is expected to be achieved in 2023.

Senior Staff Appointments

The Senior Staff team had a fairly steady year in terms of personnel changes, with minor movement compared to other years. A new Chaplain to the Bishop of Sheffield started in January, a move that saw him move back to Sheffield after three years. The Chief Executive Officer went on maternity leave in August, with cover for the role being shared between the Director of Communications and through consultancy support from Andy Brookes. Andy has supported the Diocese before in 2020. Our HR Director left at the end of 2022.

There was also little movement in staffing terms in Heads of Departments at Church House.

Safeguarding

Safeguarding is a key priority for the Diocese. In 2023 we continued to deliver training both online and in person where the need arose and it was safe to do so. The safeguarding team has been successful in recruiting to key posts.

This enables the team to offer safeguarding advice and support to the Cathedral in line with the service level agreement currently being developed.

The National Past Case Review report was released in 2022 and SDBF published our executive summary in line with other Dioceses. We continue to work on the recommendations under the guidance of the Diocesan Safeguarding group.

Related Parties

The SDBF works closely with a range of partners and parties:

The Archbishops' Council to which the Diocese pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

The Archbishop's Council and National Church Institutions from which the SDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The SDBF also pays for clergy stipends through the Archbishop's Council.

The Church of England Pensions Board, to which the SDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.

Volunteers

The SDBF is dependent on the huge number of volunteers involved in church activities both locally and at Diocesan level. The SDBF greatly values the considerable time given by all volunteers and particularly, committee members across the Diocese in pursuit of the mission of the SDBF. No attempt has been made to quantify this resource, so generously given.

FUTURE PLANS

Our successful Transformation bid has continued to be the key driver of Diocese wide rejuvenation in 2023 as we emerge from the COVID 19 pandemic era. This strategy has been further endorsed by the approval of another £5m project bid to Revitalise 5 parishes with a commitment through to 2030. SDBF will partner in the funding of this ambitious project.

The resources that have been made available to the Diocese over the next few years will significantly strengthen our plans to deliver our Diocesan strategy. The funds are focussing on supporting five areas of activity, which we have identified as key to our future sustainability

Well supported and newly energised clergy: our six Associate Archdeacon Transition Enablers (AATEs) have continued momentum through 2022 they have started work in earnest within the twinned deaneries. They have been supporting clergy, providing coaching and skills development, as they transition to a Mission Areas. The AATEs helped to run Twinned Deanery Events in late 2022, sharing stories of success from within the area. The team is also now trialling a logging system to track visits and type of issue encountered to help share learning within the team

Focal Ministry: The Director of Focal Ministry has been working within Mission Areas to help to identify and develop potential individuals, and to develop teams. Resources have been updated with user feedback, and the first Focal Ministry teams have now been commissioned. Some resources have already been developed and are available via the Diocesan website www.sheffield.anglican.org/focal-ministry.

Lights for Christ: We seek to mobilise the whole people of God for the whole mission of God, so that every baptised person is enabled to shine as a light in the world to the glory of God the Father. We have seen high engagement with our Advent and Lent courses, developed specifically for the Lights for Christ programme. The Lights for Christ Enabler is in post and has been carrying out awareness and training events in Deaneries to help people understand discipleship development, and the resources that are available to help them. The introduction of a Rule of Life, with accompanying resources has also been a key feature of the work of the last 12 months.

Mission Area support: aligning our central services team at Church House ever more closely to the Diocesan strategy, we will be able to provide direct help to Mission Areas in relation to finances, giving and generosity, operations, compliance, and buildings. We believe these resources will genuinely help to lift the burden from clergy and lay leaders, releasing energy on the ground for mission. Recruitment through 2022 to key posts in this team was challenging and slow. Now, the majority of appointments are made. We continue to develop systems and methodologies to help support this ministry with data dashboards and a planned CRM system

Common Fund: we will be seeking to develop the current Common Fund system so that it contributes more effectively to the future sustainability of our Diocese and the ongoing implementation of the strategy. A Common Fund Review Group has been meeting regularly, establishing workstreams, consulting with Mission Area representatives and commissioning dashboard work to help understand the data, and look for trends. It is likely that a new system will be considered in 2023. This will build on a first phase review taken in 2022, this concluded that post COVID recovery was still an important element that made implementation of a fair system in 2023 extremely difficult.

The first six months of 2023 will see the following:

- The inducting and aligning of our Mission Support Teams to support Mission Areas.
- The further rollout of a new Clergy Wellbeing handbook and development of clergy support services on the Diocesan website.
- More Lights for Christ resources on Rule of Life, continued awareness events and development of resources.
- The commissioning of further Focal Ministry teams
- The adoption of a Mission Area Support request system to ensure requests are sent to the correct teams and monitored centrally
- The launch of phase one of the Common Fund Review group work
- A Diocesan Conference (early July) to be an important milestone in the strategic journey)

In particular we have planned:

- Induction of the Mission Finance Support Team and the Church Buildings Support Team, setting early priorities
- A round of LLF courses ran by trained practitioners in the deaneries.
- Continued work on the Common Fund Review project, with a June rollout of phase one
- Continuing to embed hybrid-working patterns in Church House, looking at contractual changes; establishing patterns of working and installing two hybrid meeting systems in the Conference and Board Rooms

FINANCIAL REVIEW

2022 has seen a fragile recovery from the impact of the COVID pandemic with parishes adjusting to a new normal. Plotting a course through this uncertainty has been further unsettled by the impact of global economic pressures. The contributions from parishes have been under severe pressure with the steep rise in energy prices and re-emergence of inflation to levels not experienced in 30 years.

Against this broad backdrop the Diocese has contained costs wherever possible with recruitment lagging behind the aspirations but helping reduce costs. Clergy and staff costs rose prior to the main surge in inflation experienced in the late autumn of 2022 and budgets were set for 2023 based on a 5% rise in these core costs.

In 2022 the Archbishops' Council announced the allocation of £1.2 billion available over the period 2023-2025 with this level of funding to be maintained over the following 6 years. This £3.6 billion of funds will be available on a bid basis for specific purposes. Sheffield Diocese is currently working to obtain our share but this injection of funds into the life of Dioceses around the UK has potential to be transformative.

Our Diocese remains a relatively poor Diocese with limited reserves, but our supporters are generous, and we remain grateful for the participation in the financial needs of the Diocese expressed in Common Fund Contributions. The 2022 Common Fund contributions totalled £3.4m (2021 - £3.3m) this coupled with a £3.6m pledge received for 2023 starts to turn the decline experienced in the pandemic period.

We cannot ignore the broad uncertainties of the economic outlook and the impact this will have on our donor base and accordingly we have invested in systems that significantly enhance our forecasting abilities. The Diocese receives a variety of funding streams representing a tapestry of generosity but also a risk profile. Our recent successful Revitalisation bid is a commitment with substantial National Church stretching to 2030. In 2023 we shall be modelling the impact of all funding streams and the combined risk impact on our sustainability.

Net expenditure of general unrestricted reserves before investment gains was £1.1m against a planned deficit of £1.9m. Our prior year 2021 deficit was substantially covered by the generosity of the National Church.

Diocese reserves have been utilised to cover the shortfall in operating costs created in 2022 but we are keenly aware of the limitations on our free reserves.

A significant element of our funding is received from the Archbishops' Council £4m (2021 - £4.7m) across a number of projects. This includes Lowest Income Communities funding of £1.7m (2021 - £1.7m) which we have allocated to support mission and ministry in parishes where they have ranked in the lowest 10% of our Diocese in terms of Social Deprivation indices.

The Transformation, Capacity and Resourcing Churches projects are included in these Archbishops' Council funds. These projects support the ongoing strategic development of the Diocese and enable us to reach new and diverse communities. We also received a grant of £75,000 from the Sheffield Church Burgesses Trust which continues to support work across the Sheffield Deaneries. Income from investments and rental income was largely in line with expectation.

Costs in 2022 for Resourcing Mission and Ministry increased in comparison with the prior year but remained lower than budget. Recruitment progress was slower but costs of establishing clergy have become significantly more expensive. Housing and removal costs have been particularly susceptible to inflationary pressures and there is continued pressures on these associated budgets.

The total value of Tangible Fixed Assets increased to £36.6m from £35.2m primarily as a result of additions in stipend fund properties funded from the sale of investments. This is a strategic decision to meet ongoing clergy housing requirements. No depreciation was charged in year. In line with policy all depreciating assets have been written down in prior years. There was a loss in the year in the value of Fixed Asset Investments, due to unfavourable changes in market value. The movement on valuation can go up and down, this was caused by general economic uncertainties in particular the war in Ukraine. These losses reversed the 2021 substantial gains.

Pension schemes, the Church of England Funded Pension Scheme and the Church Workers Pension Fund are administered by the Church of England Pensions Board. Contributions in year are in line with national contribution rates and in line with expectation. The most recent scheme valuation of the Church of England Funded Pension Scheme was completed in 2019 and revealed the deficit had been restored and at 2022 there is no longer any provision for additional measures to recover the shortfall. 2023 pension contributions for clergy have been reduced from 39% to 28% which has helped fund the stipend increment of 5% required to address the inflationary pressures in 2023.

Reserves Policy

Our Reserves Policy considers the use of all our Funds but primarily focuses on our Unrestricted Funds, which fall into three categories:

Free Reserves which we define as the resources held in our General Fund as readily realisable assets. At 31 December 2022 these totalled £5.3m. (31 December 2021: £5.2m).

Our priority is to maintain Free Reserves at a sufficient level to ensure financial resilience and sustainability, including mitigating against key risks identified in our risk register for at least the next financial year. A planned deficit for 2023 of £1.5m was approved by Diocesan Synod in November 2022.

We are also seeking to achieve a balance between holding reserves to maintain financial resilience and using our funds in support of the mission and strategic priorities as set out in the Diocesan Strategy in October 2018, "Renewed Released Rejuvenated".

We are blessed that we hold certain Restricted Funds which can also be deployed to support the implementation of the strategy. A review of reserve funds was completed in 2022 and a strategic plan was adopted by Bishop's Council to utilise funds as helpfully as possible within the regulatory framework.

Tangible fixed assets within our General Fund are held to support our charitable activities. Funds are not readily available as they can only be realised through the sale of the properties we hold. Our policy is to review whether we need to retain these assets at least once a year and when they become vacant. At 31 December 2022 the total value was £1.4m being the net book value of the relevant properties less the value of any related loans which would be repayable if the properties were sold. (31 December 2021: £1.9m).

Designated Funds. The Trustees may designate an element of Unrestricted Funds for an agreed purpose where this is considered to be appropriately linked to a particular objective. The need for the fund is reviewed at least once a year and funds returned to Free Reserves if no longer required. In our revised reserves policy, we are taking the approach to limit the use of designated funds. As at 31 December 2022 we had 1 designated fund with a value of £7,000. (31 December 2021: 4 designated funds totalling £178,000.)

Details of all designated, restricted and endowment funds can be found in notes 17 to 20 of the accounts.

The Diocese of Sheffield is delighted to confirm that it has no direct investments in fossil fuel companies, as has been the case for some time. Following a meeting of the Bishop's Council, it has also committed to not reinvesting in them in the future.

Grant Making Policy

The SDBF's Memorandum of Association explicitly permits the SDBF to make grants in pursuance of its objects. The Grants Committee meets annually to consider applications made by parishes to support ongoing activities. Grants made in 2022 covered contributions towards necessary maintenance works in Church buildings where alternative funding is not available locally, grants for this purpose are typically less than £5,000. Additionally, a number of grants were made to support various aspects of ministry including short term parish support staff contributions and event support. These grant awards were consistent with the aims and objectives of the SDBF.

Fundraising

The DBF does not actively engage in fundraising activities.

Investment Policy

The SDBF is empowered by its Memorandum and Articles of Association to invest monies not immediately required for its purposes. In addition, the SDBF acts as Trustee of a number of Trust Funds, and these must be invested in accordance with the related trusts.

The Trustees' investment policy is to hold all restricted and endowed investments in CBF Funds. CCLA Investment Management Ltd have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco.

Most of the SDBF's other investments continue to be held in the CBF Church of England Funds managed by CCLA Investment Management Limited.

The Finance and Property Committee regularly reviews the performance of the funds and makes decisions on investments. In 2023 we will be working with CCLA on a full review of investments held by SDBF.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this, a register of all the risks identified is maintained. The register is reviewed by the Trustees at each Bishop's Council meeting and also at each of the Finance & Property Committees. The responsibility for delivery of the mitigation strategies identified is delegated to the Diocesan Secretary

The risk register identifies areas where the risk of either failure to act or the impact of the events is considered significant. Risk areas have been reviewed at Heads of Department, Finance and Property Committee and Bishop's Council: Governance/Strategic; Staff; Financial (income/expenditure); Reputational; Statutory/Legal and Operational. These risk areas and the associated mitigation strategies are summarised:

Financial

Risk of under-collection of and/or reduced Common Fund, fees or rent

- Collection statistics are produced and circulated on a monthly basis
- Parish Finance Team in place and operating effectively
- Financial Modelling tool developed and used to support strategic decision making

Reputational

Child protection and vulnerable adults;

- Communications and PR support engaged
- Liaison with National Safeguarding Team
- Resources for safeguarding expanded; and
- Delivered high volume of training to clergy, parish employees and volunteers

Statutory/Legal

Risk of non-conformance with child protection and vulnerable adult legislation, ecclesiastical, trust, property and other law:

- Registrar and Chancellor contract in place;
- Safeguarding team in place;
- Policies aligned with National Church guidelines;
- Safeguarding training provided;
- Thirty-One Eight contract in place for DBS checks;
- Thirty-One Eight cover in place for Safeguarding Adviser and listening service provision.

Data Protection Legislation

Risk of not meeting data protection legislation, sensitive data inadvertently shared without permission, insufficiently compliant with GDPR

- Staff training carried out
- Ability for individuals to set their own privacy settings on the Diocesan CMS database;
- Privacy statement available;
- Undertook Cyber Essential check.

Staffing

Risk of prolonged staff absences through long term illness.

- Temporary staff recruited;
- Flexible cover between teams.

STRUCTURE GOVERNANCE AND MANAGEMENT

The Sheffield Diocesan Board of Finance (SDBF) is a company limited by guarantee (No. 196087) and a registered charity (No. 245861) governed by its Memorandum and Articles of Association.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Sheffield. It was established in its present form in 1926.

The SDBF works in consultation with the wider Church of England and receives a range of funding from both The Church Commissioners and the Archbishops' Council. The Bishop of Sheffield is a member of the House of Bishops who are responsible for setting key policy which impacts SDBF operations, a key example would be in the area of Safeguarding.

Governance and policy of the SDBF is the responsibility of the Directors, who are also members of the company and Trustees for the purposes of charity law. The Bishop of Sheffield, together with other ex-officio persons are Trustees together with six people elected from and by the members of Diocesan Synod every three years, re-elections were last held in 2021. The Bishop of Sheffield, the Rt. Revd Dr Pete Wilcox, is recognised in our Register of Persons of Significant Control.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod membership is elected every

Sheffield Diocesan Board of Finance – annual report and financial statements for the year ended 31 December 2022

three years. The Synod elects six of the Trustees of the Diocesan Board of Finance. The SDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing Memorandum and Articles of Association. By virtue of the National Institutions Measure 1998 the SDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England School properties are accounted for in the restricted Church Schools fund and are managed by the SDBF in consultation with the Diocesan Board of Education

The role of Bishops Council is set out in paragraph 75 of the Standing Orders. It includes planning the business of synod and advising the synod on matters placed before it. It also has an advisory role on financial business, as set out in paragraph 109 of the Standing Orders. Under paragraph 111, the finance committee of the Board of Finance has to submit its accounts and draft budget to Bishops Council. Bishops Council then makes to the Synod sitting as the Board of Finance "such recommendations thereon as it thinks fit". Synod (sitting as the DBF) approves the budget as proposed by the finance committee and authorises the DBF to expend a sum not exceeding the amount outlined within the budget as presented.

The Finance and Property Committee appointed on behalf of Bishop's Council is responsible for oversight and scrutiny on decision making around financial resources and property assets. This committee meets most months. A budget is prepared annually and presented to first to Bishop's Council and then Diocesan Synod for approval at its November meeting.

The Committee undertakes the SDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 1983 (with regard to redundant churches).

Trustees

Trustees are members of the Bishop's Council and are either elected via Diocesan Synod or via interview. They are given induction as they start their role and at other times as appropriate. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. Trustees are required to make a declaration that they are not barred from being a Company Director and maintain their entry in the record of declarations of interest.

Trustees appointments

The Reverend Canon M Rhodes (From 1st Jan 2022)
The Reverend EH Steele (From 27th Jan 2022)

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by a use of a positioning scale for the grading of posts. Salary and stipend uplift decisions are made annually paid in April (Clergy) and July (DBF officers and staff).

TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of SDBF for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP (FRS102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the SDBF and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the SDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the SDBF's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE TO THE AUDITORS

Saffery LLP have been appointed as auditors to SDBF in the year and have expressed their willingness to remain in office.

So far as the Trustees are aware:

- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

ADMINISTRATIVE DETAILS

Trustees

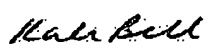
No Trustee had any beneficial interest in the company during 2022. The following Trustees were in post at the date of this report:

President	The Right Reverend Dr PJ Wilcox
Chair	IC Walker MSc, MA, CEng, FIET
Deputy Chair	N Birchenall
Other Directors	JA Butcher MA (Cantab), MSc, PhD The Venerable M L Chamberlain BA, BTh, MPhil The Reverend C Dawson IR Downing The Venerable J Iqbal The Right Reverend Sophie Jelley The Reverend F Kouble M MacDonald DJ Newton BA FCA Lay Canon P M Rainford MA The Reverend I Smith BA The Reverend EH Steele (From 27th Jan 2022) The Reverend Canon M Rhodes (From 1st Jan 2022)
Secretary	K Bell
Registered office	95-99 Effingham Street Rotherham S65 1BL
Bankers	Virgin Money
Auditors	Saffery LLP
Investment advisers	CCLA Investment Management Ltd
Glebe Agents	Savills, 48 Bootham, York, YO30 7WZ
Insurers	Ecclesiastical Insurance

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3-10 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

Ian Walker 
Chair

Katie Bell 
Secretary

Date 21/9/23

Date 21/09/23

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHEFFIELD DIOCESAN BOARD OF FINANCE LIMITED

Opinion

We have audited the financial statements of Sheffield Diocesan Board of Finance Limited for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going

concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Annual Report (which includes the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report and strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls

operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charitable company by discussions with trustees and updating our understanding of the sector in which the charitable company operates. Laws and regulations of direct significance in the context of the charitable company include The Companies Act 2006, and guidance issued by the Charity Commission for England and Wales and the Church of England Measures.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

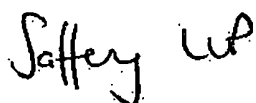
There are inherent limitations in the audit procedures described above and the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sally Appleton (Senior Statutory Auditor)

For and on behalf of Saffery LLP, Statutory Auditor

Mitre House

North Park Road

Harrogate

HG1 5RX

28/9/

2023

SHEFFIELD DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2022
Including movements in Endowment Funds

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
Income and endowments from:							
Donations:							
Parish contributions	2	3,623	-	2	-	3,625	3,577
Archbishops' Council		2,069	-	1,974	-	4,043	4,735
Other donations		87	166	306	-	559	584
Other grants		-	-	267	-	267	-
Charitable activities	3	460	-	3	-	463	435
Other activities	4	234	-	7	-	241	261
Investments	5	157	-	557	-	714	671
		6,630	166	3,116	-	9,912	10,263
Expenditure on:							
Raising funds	6	23	-	19	29	71	87
Charitable activities	7	7,724	198	3,015	-	10,937	9,955
		7,747	198	3,034	29	11,008	10,042
Net (expenditure)/income before investment gains		(1,117)	(32)	82	(29)	(1,096)	221
Net (losses)/gains on investments		(568)	-	(863)	(354)	(1,785)	2,841
Net income / (expenditure) for year		(1,685)	(32)	(781)	(383)	(2,881)	3,062
Transfer between funds	18	1,791	(139)	-	(1,652)	-	-
Other recognised (losses)/gains:							
Gains on fixed asset investments		-	-	(56)	88	32	606
Net movements in funds		106	(171)	(837)	(1,947)	(2,849)	3,668
Total funds brought forward		6,642	178	9,867	46,579	63,266	59,598
Total funds carried forward	17	6,748	7	9,030	44,632	60,417	63,266

All activities derive from continuing activities. The notes on pages 28 to 44 form part of the financial statements.

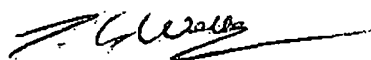
SHEFFIELD DIOCESAN BOARD OF FINANCE

BALANCE SHEET
As at 31 December 2022

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
FIXED ASSETS							
Tangible fixed assets.	12	2,027	-	-	34,666	36,693	35,261
Investments	13	4,602	-	5,576	11,224	21,402	25,476
		6,629	-	5,576	45,890	58,095	60,737
CURRENT ASSETS							
Debtors	14	668	-	389	-	1,057	837
Cash at bank and in hand		515	7	3,256	(1,258)	2,520	3,086
		1,183	7	3,645	(1,258)	3,577	3,923
CREDITORS: amount falling due within one year	15	(426)	-	(128)	-	(554)	(470)
		757	7	3,517	(1,258)	3,023	3,453
TOTAL ASSETS LESS CURRENT LIABILITIES		7,386	7	9,093	44,632	61,118	64,190
CREDITORS: amount falling due after more than one year	16	(638)	-	(63)	-	(701)	(713)
Net assets excluding pension liabilities		6,748	7	9,030	44,632	60,417	63,477
Defined benefit pension liabilities	21	-	-	-	-	-	(211)
NET ASSETS		6,748	7	9,030	44,632	60,417	63,266
FUNDS							
Endowment funds		-	-	-	44,632	44,632	46,579
Restricted funds		-	-	9,030	-	9,030	9,867
Unrestricted funds		6,748	7	-	-	6,755	6,820
		6,748	7	9,030	44,632	60,417	63,266

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 21/1/23 and signed on behalf of the Board by:

Ian Geoffrey Walker (Chairman)



Company number 196087

SHEFFIELD DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT
For the year ended 31 December 2022

	2022	2021
	£'000	£'000
Net cash (outflow) from operating activities	(2,635)	(1,005)
Cash flow from investing activities		
Dividends, interest and rent from investments	714	671
Interest paid	-	(38)
Proceeds from the sale of:		
Tangible fixed assets	258	1,612
Fixed assets investments	3,204	2,955
Purchase of:		
Tangible Fixed Assets for the use of the SDBF	(1,253)	(1,889)
Fixed assets investments	(882)	(1,386)
Net cash provided by investing activities	2,041	1,925
Cash flow from financing activities		
Loans repaid by the SDBF	(33)	(106)
Loans repaid to the SDBF	61	39
	28	(67)
Change in cash and cash equivalents in the reporting period	(566)	853
Cash and cash equivalents at 1 January	3,086	2,233
Cash and cash equivalents at 31 December	2,520	3,086
Reconciliation of net income / (expenditure) to net cash flow from operating activities		
Net (expenditure)/income for the year ended 31 December	(2,881)	3,062
Adjustments for:		
Depreciation charge	-	10
Dividends, interest and rent from investments	(714)	(671)
Interest paid	-	38
(Increase) / Decrease in debtors	(281)	(288)
Increase/(Decrease) in creditors	(300)	(106)
(Decrease) in Pension Liability	(211)	(209)
Pension scheme deficit (increase) / decrease	-	-
Unrealised (gains) / losses on investments	1,752	(2,841)
Net cash (used in) operating activities	(2,635)	(1,005)
Analysis of cash and cash equivalents		
Cash at bank and in hand	2,520	3,086

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2022**

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. Despite the current global impact of COVID-19 the trustees believe that the expected income and expenditure is sufficient, especially considering the level of reserves held by the charity to enable it to continue as a going concern.

a) Income

All income is included in the Statement of Financial Activities (SoFA) when the SDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) Common fund is recognised as income of the year to which it is received.
- ii) Rent receivable is recognised as income in the period with respect to which it relates.
- iii) Interest and dividends are recognised as income when receivable.
- iv) Grants received are recognised in the year received unless accounting convention requires them to be carried forward to the year where expenditure is matched.
- v) Parochial fees are recognised as income of the year to which they are received.
- vi) Donations other than grants are recognised when receivable.
- vii) Gains on disposal of fixed assets for the SDBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) Stipends fund income. The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied.

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

- i) Costs of raising funds are constrained to costs relating to the temporary letting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) Charitable expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.
- iii) Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the SDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff-time basis.

v) **Pension contributions.** The SDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 21). The pension costs charged as resources expended represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which SDBF participates is accrued at current value in creditors.

c) Tangible fixed assets and depreciation

Freehold and leasehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The SDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are, therefore, unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. Annual impairment reviews in accordance with the requirements of FRS102 ensure that the carrying value is not more than the recoverable amount.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are held at historical cost taken on transition to FRS102 at 1 January 2014. FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form.

Parsonage houses

The SDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent.

Stipend Fund Properties

The SDBF has followed the requirements of FRS102, in its accounting treatment for properties contained in the Stipend Fund Capital Fund. FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the Incumbent, whereas Church House legal title remains within the Stipend Fund Capital under SDBF as provision of offices to the SDBF.

d) Other tangible fixed assets

All capital expenditure over £5,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

e) Other accounting policies

i) Fixed asset investments

These are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities. Glebe properties which are held for investment purposes and rented out have been included at their fair value.

ii) Leases

The SDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is reflected in the Statement of Financial Activities over the shorter of the overall lease term or first break clause whichever is shorter in time.

iii) Key judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported during the year and at the balance sheet date. The key judgements applied relate to the residual values of land and buildings and the assumptions relating to the valuation of the defined benefit pension scheme.

f) Fund balances

Fund balances are split between unrestricted (general and designated), restricted and endowment funds.

i) Unrestricted funds are the SDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the SDBF.

Designated funds set aside out of unrestricted funds by the SDBF for a purpose specified by the Trustees

ii) Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

iii) Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the SDBF (Stipends Fund Capital, Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the SDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

2 DONATIONS

Parish contributions

Donations are collected from the parishes of the diocese through the Common Fund system from 2015 and through Parish Share before then.

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2022	Total 2021
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Current year						
Parish contributions	3,338	-	2	-	3,340	3,255
Receipts for previous years	58	-	-	-	58	43
	3,396	-	2	-	3,398	3,298
Locally supported clergy	227	-	-	-	227	279
	3,623	-	2	-	3,625	3,577

The prior year includes £5k of restricted Parish contributions.

Archbishops' Council

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2022	Total 2021
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
UNC and Transition Funding*	1,751	-	-	-	1,751	1,820
Strategic Development Fund	318	-	741	-	1,059	796
Sustainability Fund**	-	-	-	-	-	900
Capacity Funding	-	-	163	-	163	138
Resourcing Ministerial Education	-	-	204	-	204	335
Transformation Bid	-	-	467	-	467	746
Mission Development Fund	-	-	-	-	-	-
Energy grants	-	-	400	-	400	-
	2,069	-	1,974	-	4,043	4,735

All Archbishops' Council funding was restricted in the prior year with the exception of the sustainability fund.

* This is annual funding which is allocated to Lowest Income Communities with reference to deprivation indices and parish population, which may be used either for specific parish mission and development projects or for clergy stipends.

** Sustainability Fund - This funding was made available by the Archbishops' Council to support Dioceses to mitigate the impact of the COVID-19 pandemic where loss of income may adversely impact long term sustainability.

Other donations

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2022	Total 2021
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Benefact Trust formerly AllChurches	-	166	-	-	166	160
Church Burgesses	-	-	75	-	75	76
Donations	87	-	231	-	318	348
	87	166	306	-	559	584

The prior year included £160k of designated AllChurches grant and £275k of restricted donations.

Other grants

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2022	Total 2021
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Other grants	-	-	267	-	267	-
	-	-	267	-	267	-

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

3 CHARITABLE ACTIVITIES	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2022	Total 2021
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Statutory fees	355	-	-	-	355	334
Chaplaincy and other	65	-	-	-	65	56
Education	40	-	3	-	43	45
	460	-	3	-	463	435

The prior year includes £5k of restricted income for education.

4 OTHER ACTIVITIES	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2022	Total 2021
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Housing income	234	-	-	-	234	261
Other income	0	-	7	-	7	-
	234	-	7	-	241	261

The prior year includes £16k of restricted housing income.

5 INVESTMENT INCOME	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2022	Total 2021
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Dividend receivable	131	-	39	-	170	171
Interest receivable	26	-	381	-	407	409
Rents receivable	-	-	137	-	137	91
	157	-	557	-	714	671

The prior year includes £492k of restricted income and £44k of endowment fund income.

6 FUND RAISING COSTS	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2022	Total 2021
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Glebe agent's fee	-	-	19	29	48	62
Parsonage rental costs	23	-	-	-	23	25
	23	-	19	29	71	87

All fund raising costs were unrestricted in the prior year.

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

7. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2022	Total 2021
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Archbishops Council						
Training for ministry	-	-	249	-	249	188
National church responsibilities	217	-	-	-	217	131
Other						
Grants and provisions	-	125	69	-	194	16
Mission agency pension costs	-	-	-	-	-	8
Retired clergy housing costs	-	-	-	-	-	69
Pooling of ordinands maintenance grants	-	-	-	-	-	3
General Synod expenses	-	-	-	-	-	-
	217	125	318	-	660	415
Resourcing Ministry and Mission						
Parish Ministry						
Stipends and national insurance	2,798	-	1,730	-	4,528	3,276
Pension contribution	795	-	264	-	1,059	764
Housing costs	1,412	13	-	-	1,425	1,405
Removal, resettlement and grants	218	-	-	-	218	94
Other expenses	22	22	-	-	44	638
	5,245	35	1,994	-	7,274	6,177
Support for parish ministry	401	-	397	-	798	1,718
	5,646	35	2,391	-	8,072	7,895
Expenditure						
Support for church schools and parishes	1,861	38	187	-	2,086	258
Projects	-	-	119	-	119	1,387
	1,861	38	306	-	2,205	1,645
	7,724	198	3,015	-	10,937	9,955

The prior year figures include £4,348k of restricted expenditure of which £2,947k is on Parish Ministry, £1,293k on projects, £108k on support for church schools and parishes.

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

8 ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	Total Costs 2022
	£'000	£'000	£'000	£'000
Raising funds	71	-	-	71
Charitable activities:				
Contributions to Archbishops' Council	-	660	-	660
Resourcing parish ministry	5,665	1,730	677	8,072
Schools and Projects	-	2,205	-	2,205
	5,736	4,595	677	11,008

	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	Total Costs 2021
	£'000	£'000	£'000	£'000
Raising funds	87	-	-	87
Charitable activities:				
Contributions to Archbishops' Council	-	415	-	415
Resourcing parish ministry	4,877	2,550	468	7,895
Schools and Projects	-	1,645	-	1,645
	4,964	4,610	468	10,042

9 ANALYSIS OF SUPPORT COSTS

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000
Central administration	587	-	-	-	587
Governance:					
External audit	29	-	-	-	29
Registrar and Chancellor	61	-	-	-	61
Diocesan Synodical costs	-	-	-	-	0
	677	-	-	-	677

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000
Central administration	407	-	-	-	407
Governance:					
External audit	23	-	-	-	23
Registrar and Chancellor	37	-	-	-	37
Diocesan Synodical costs	1	-	-	-	1
	468	-	-	-	468

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

10 ANALYSIS OF GRANTS MADE

	Number	Individuals £'000	Institutions £'000	Total 2022 £'000	Total 2021 £'000
From unrestricted funds for National Church responsibilities					
Contributions to Archbishops' Council	-	-	660	660	415
From unrestricted funds:					
PCCs for faculty fees			18	18	13
Overseas mission agencies			-	-	-
Churches Together organisations			-	-	-
Clergy for training	33		7	7	7
Ordinands in training	30		187	187	192
Regional Training Partnerships			-	-	-
	63	-	212	212	212

11 STAFF COSTS

	2022 £'000	2021 £'000
Employee costs during the year were as follows:		
Wages and salaries	2,490	2,178
National Insurance contributions	241	201
Pension costs	216	195
	2,947	2,574

The average number of persons employed during the year:

	Number	Number
Administration and financial management	18	17
Property	3	2
Discipleship & Ministry, Stewardship	14	13
Safeguarding and inclusion	4	4
Projects staff funded from reserves	6	7
Projects staff externally funded	49	39
	94	82

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	Number	Number
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1

Pension payments of £14,478 were made for these employees (2021: £14,105).

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2022 they were:

Diocesan Secretary and Company Secretary
Director of Finance
Director of Formation for Ministry
Director of Education

Katie Bell
Keith Mallon
Rev Toby Hole
Huw Thomas

Remuneration, pensions and national insurance for these 4 employees amounted to £297,000 (2021: £352,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £11,463 (2021: £7,704) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the SDBF during the year:

	Stipend	Housing
The Right Revd S Jelley	No	Yes
Venerable J Iqbal	Yes	Yes
Venerable M Chamberlain	Yes	Yes
Rev I Smith	Yes	Yes
Rev Fiona Kouble	Yes	Yes
Rev EH Steele	Yes	Yes
Rev M Rhodes	Yes	Yes
Rev C Dawson	Yes	Yes

The SDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than Bishops and Cathedral staff. The SDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Suffragan Bishop but excluding Diocesan Bishop and Cathedral staff.

The SDBF paid an average of 112 (2021 - 117) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2022 £'000	2021 £'000
Stipend	4,194	3,021
National insurance contributions	334	255
Pension costs	1,117	1,013
	<u>5,645</u>	<u>4,289</u>

The stipends of the two Bishops were paid and funded by the Church Commissioners.

The stipends of the Diocesan Bishop and Suffragan Bishop are funded by the Church Commissioners and are in the range £37,680 - £46,180 (2021 range: £37,680 - £46,180). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2022 was in the range £37,198 - £38,314 (2021 range: £36,830 - £37,198) and other clergy who were Trustees were paid in the range £26,860 - £27,762 (2021 range: £26,600 - £26,860). The Bishop's Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2022 at £11,057 (2021: £11,057). The value of housing provided to the Bishop is estimated at £15,000 (2021: £15,000).

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

12 TANGIBLE FIXED ASSETS

	Freehold Properties £'000	Unrestricted Funds Leasehold Properties £'000	Office Equipment £'000	Parsonages Fund Properties £'000	Stipend Fund Properties £'000	Total £'000
Cost or valuation						
At 1 January 2021	2,027	-	46	29,807	3,427	35,307
Additions	-	-	-	405	1,253	1,658
Disposals	-	-	-	-	(226)	(226)
At 31 December 2022	2,027	-	46	30,212	4,454	36,739
Depreciation						
At 1 January 2021	-	-	46	-	-	46
Disposals	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
At 31 December 2022	-	-	46	-	-	46
Net Book Value						
At 31 December 2022	2,027	-	-	30,212	4,454	36,693
At 31 December 2021	2,027	-	-	29,807	3,427	35,261

Freehold properties in the Balance Sheet are vested in the SDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. As at 31 December 2022 there were 6 (2021: 6) such properties and their value included above amounts to £1,007,647 (2021: £1,007,647).

13 FIXED ASSETS INVESTMENTS

	At 1 Jan 2022 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	At 31 Dec 2022 £'000
Unrestricted funds						
Unlisted investments	4,844	326	-	-	(568)	4,602
Restricted funds						
Unlisted investments	8,521	492	(2,519)	-	(918)	5,576
Endowment funds						
Investment property	3,905	-	(685)	-	446	3,666
Unlisted investments	8,206	64	-	-	(712)	7,558
	12,111	64	(685)	-	(266)	11,224
Total	25,476	882	(3,204)	-	(1,752)	21,402

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

14 DEBTORS

	2022 £'000	2021 £'000
Due within one year		
Loans to parishes	27	27
Loans to schools	29	12
Other debtors and prepayments	668	387
Inter-fund debtor	-	-
	724	426
Due after more than one year		
Loans to parishes	270	348
Loans to schools	63	63
	333	411
Total debtors	1,057	837

15 CREDITORS: amounts falling due within one year

	2022 £'000	2021 £'000
Church Commissioners other loans	-	21
Deferred income	-	-
Other creditors and accruals	554	449
	554	470

16 CREDITORS: amounts falling due after more than one year

	2022 £'000	2021 £'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	638	619
Church Commissioners other loans	-	6
Other loans	63	88
	701	713

The maturity of the above loans may be analysed as follows:

Between one and two years	13	6
Between two and five years	50	38
In five years or more	638	669
	701	713

Church Commissioners other loans consist of permanent loans in collection which are mortgage loans for the purchase of clergy houses; of the amount falling due after more than one year £63,000 (2021 - £63,000) relates to the Schools Fund, £nil to the General Fund (2021 - £6,000). These loans are repayable over terms ranging from 5 to 25 years in quarterly instalments, and bear interest at varying rates, which is borne by the SDBF. In the event of sale, the loan would be settled out of the proceeds and there would be no further charge to the SDBF.

Value-Linked Loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis with the Church Commissioners and are repayable on the disposal of the related property.

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

17 SUMMARY OF FUND MOVEMENTS 2022 YEAR END

	At 1 Jan 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	At 31 Dec 2022 £'000
UNRESTRICTED FUNDS						
General	6,642	6,630	(7,747)	1,791	(568)	6,748
Designated Funds:						
Clergy Conference	22	-	(22)	-	-	-
Church House Refurbishment	13	-	(13)	-	-	-
Benefact formerly AllChurches	136	166	(163)	(139)	-	-
Restructuring Fund	7	-	-	-	-	7
	178	166	(198)	(139)	-	7
RESTRICTED FUNDS						
Stipend Income	-	222	(222)	-	-	-
Pastoral	3,181	65	(48)	-	(303)	2,895
Church in Action	5,015	136	(565)	-	(566)	4,020
Schools	530	93	(119)	-	-	504
Projects	687	1,574	(1,664)	-	-	597
Energy grants	-	400	-	-	-	400
Other Trusts/grants/donations	454	626	(416)	-	(50)	614
	9,867	3,116	(3,035)	-	(918)	9,030
ENDOWMENT FUNDS						
Stipend Fund Capital	11,938	-	-	(1,732)	336	10,542
Parsonages	32,879	-	(29)	80	(343)	32,587
Schools	1,762	-	-	-	(259)	1,503
	46,579	-	(29)	(1,652)	(266)	44,632
TOTAL FUNDS	63,266	9,912	(11,009)	-	(1,752)	60,417

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

SUMMARY OF FUND MOVEMENTS 2021 YEAR END

	As restated At 1 Jan 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	At 31 Dec 2021 £'000
UNRESTRICTED FUNDS						
General	5,910	5,431	(5,483)	97	687	6,642
Designated Funds:						
Clergy Conference	30	-	(8)	-	-	22
Church House Refurbishment	13	-	-	-	-	13
Benefact formerly Allchurches	107	160	(131)	-	-	136
Restructuring Fund	7	-	-	-	-	7
	157	160	(139)	-	-	178
RESTRICTED FUNDS						
Stipend Income		2,125	(2,125)	-	-	-
Pastoral	2,796	73	(20)	-	332	3,181
Church in Action	4,615	142	(315)	(97)	670	5,015
Schools	475	106	(108)	-	57	530
Projects	294	2,173	(1,780)	-	-	687
Miscellaneous Trusts	391	9	-	-	54	454
	8,571	4,628	(4,348)	(97)	1,113	9,867
ENDOWMENT FUNDS						
Stipend Fund Capital	11,573	-	(72)	-	437	11,938
Parsonages	31,846	44	-	-	989	32,879
Schools	1,541	-	-	-	221	1,762
	44,960	44	(72)	-	1,647	46,579
TOTAL FUNDS	59,598	10,263	(10,042)	-	3,447	63,266

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

18 ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000
Contribution from Benefact to core costs	139	(139)	-	0
Historical property works allocated to the stipend capital fund	1,133	-	-	(1,133)
Transfer of properties from the pastoral schemes	519	-	-	(519)
	1,791	(139)	-	(1,652)

19 SUMMARY OF ASSETS BY FUND 2022 YEAR END

	Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
UNRESTRICTED FUNDS					
General	2,027	4,602	1,183	(1,064)	6,748
Designated funds:					
Clergy Conference	-	-	-	-	-
Church House Refurbishment	-	-	-	-	-
Benefact formerly Allchurches Trust	-	-	-	-	-
Restructuring Fund	-	-	7	-	7
	-	-	7	-	7
RESTRICTED FUNDS					
Pastoral		1,554	1,341		2,895
Church in Action		4,020			4,020
Schools			504		504
Projects			497		497
Miscellaneous Trusts			1,304	(191)	1,113
	-	5,575	3,646	(191)	9,030
ENDOWMENT FUNDS					
Stipend Fund Capital	4,454	5,657	431		10,542
Parsonages	30,212	3,613	(1,238)	-	32,587
Schools		1,954	(451)	-	1,503
	34,666	11,224	(1,258)	-	44,632
TOTAL FUNDS AS AT 31 DECEMBER 2022	36,693	21,401	3,578	(1,255)	60,417

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

19 SUMMARY OF ASSETS BY FUND (CONTINUED) 2021 YEAR END

	Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Restated Net Assets £'000
UNRESTRICTED FUNDS					
General	2,027	4,844	954	(1,193)	6,642
Designated funds					
Clergy Conference	-	-	22	-	22
Church House Refurbishment	-	-	13	-	13
Benefact formerly AllChurches	-	-	136	-	136
Restructuring Fund	-	-	7	-	7
	-	-	178	-	178
RESTRICTED FUNDS					
Pastoral	-	2,657	526	-	3,183
Church in Action	-	4,987	153	(122)	5,018
Schools	-	451	157	(79)	529
Projects	-	-	683	-	683
Miscellaneous Trusts	-	426	28	-	454
	-	8,521	1,547	(201)	9,867
ENDOWMENT FUNDS					
Stipend Fund Capital	3,429	6,850	1,659	-	11,938
Parsonages	29,805	3,498	(425)	-	32,878
Schools	-	1,763	-	-	1,763
	33,234	12,111	1,234	-	46,579
TOTAL FUNDS AS AT 31 DECEMBER 2021	35,261	25,476	3,923	(1,394)	63,266

20 DESCRIPTION OF FUNDS

GENERAL FUND The General Fund is the SDBF's unrestricted undesignated fund available for any of the SDBF's purposes without restriction.
DESIGNATED FUNDS

Clergy conference The Clergy Conference Fund was funding set aside to support a programme of training events to be arranged by the Bishop of Sheffield. It was fully utilised in 2022.

Church House Refurbishment This fund relates to legacies received in 2008 and 2009 designated as funds available to SDBF to develop facilities and resources at Church House. This was fully utilised in 2022.

Benefact From grants received from the Allchurches now renamed Benefact, SDBF has designated this fund to help kick start a growth regeneration programme in the Doncaster area where there are high levels of deprivation.

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2022

20 DESCRIPTION OF FUNDS (continued)

RESTRICTED FUNDS

Pastoral Fund	<p>The Diocesan Pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for to defray costs incurred for the purposes of the Measure or any scheme or order made under the</p> <ul style="list-style-type: none"> to make loans or grants for the provision, restoration, improvement or repair of churches and other purposes of the Diocese or any benefice or parish in the Diocese to make grants or loans to any other dioceses to transfer funds to the Diocesan Stipends Fund income or capital accounts.
Church In Action	<p>The Church In Action fund originates from an appeal by that name launched in 1945 to provide money for new churches in the Diocese. Compensation paid to the Diocese from the Government's War Emergencies Fund in respect of churches demolished in the blitz was added to the fund. The fund financed the building of several new churches but what remains is used to fund grants and loans to parishes for the improvement of parish buildings. It can also be used for clergy training, stipends and pensions, providing Christian social workers and improvements to church schools. The fund is regulated by a scheme of the Charity Commission dated 10 May 1974.</p>
Church Schools Fund	<p>This represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work for Church of England schools in the Diocese and education generally at Church of England schools in the Diocese. The SDBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.</p>
Projects	<p>The projects undertaken by the SDBF are as follows:</p> <ol style="list-style-type: none"> 1. Mission Partnership Development Worker Project 2. Centenary Project 3. Children's, Youth and Families Worker Project 4. Resourcing Churches Project 5. Transformation Project
Miscellaneous Trusts	<p>There are seven trust funds where the Board acts as trustee and controls the management and use of the funds. These are as follows:</p> <ul style="list-style-type: none"> Queen Victoria Fund Training of Ordinands - Alice Marple Trust Training of Ordinands - E J Freeman Bequest Elizabeth Bramall Trust Sheffield Scripture Readers General Trusts Sheffield Scripture Readers Benevolent Trusts First Lord Grimthorpe Charity Fund

ENDOWMENT FUNDS

Stipend Fund Capital	<p>The Diocesan Stipends Capital Fund includes fixed assets, investments and cash, and has been created from the Diocesan Stipends Fund Capital account assets held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. The fund may be used for the purchase, capital improvement and maintenance of glebe property and benefice houses. Funds can be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.</p>
Parsonages	<p>This fund represents the value of all the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses, and also includes funds held for benefice houses that have been sold and pastoral schemes which have not yet been completed.</p>
Church Schools Fund	<p>This represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work for Church of England schools in the Diocese and education generally at Church of England schools in the Diocese. The SDBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.</p>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

21 PENSIONS**Church of England Funded Pension Scheme**

The SDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities (SoFA) in the year are contributions payable towards benefits and expenses accrued in that year (2022: £1.297m, 2021: £1.013m), plus the figures highlighted in the table below as being recognised in the SoFA.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

	January 2018 to December 2020	January 2021 to December 2022
% of pensionable stipends		
Deficit repair contributions	11.9%	7.1%

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

SHEFFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2022

21 PENSIONS (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022 £'000	2021 £'000
Balance sheet liability as at 1 January	211	420
Contributions paid	(126)	(217)
Interest costs (recognised in the SoFA)	(85)	1
Remaining change to the balance sheet liability* (recognised in SoFA)		7
Balance sheet liability as at 31 December	-	211

* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0% p.a.	0.2% p.a.
Price Inflation	n/a	n/a	3.1% p.a.
Increase to total pensionable payroll	n/a	(1.5)% p.a.	1.6% p.a.

The legal structure of the scheme is such that if another Responsible Body fails, SDBF could become responsible for paying a share of that Responsible Body's pension liabilities.

Church Workers Pension Fund (CWPF)

The SDBF participates in the Pension Builder Scheme section of CWPF for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is a multi-employer scheme as described in section 28 of FRS102. This is because it is not possible to attribute the Pension Builder A valuation of the Pension Builder scheme is carried out once every three years. The most recent was carried out as at 31 December 2019. The next For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit The legal structure of the scheme is such that if another employer fails, SDBF could become responsible for paying a share of that employer's pension

22 FUNDS HELD AS CUSTODIAN TRUSTEE

The SDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and

	2022 £'000	2021 £'000
CBF Church of England Investment Fund Income Shares	4,758	5,754
CBF Church of England Fixed Interest Securities Fund Shares	210	244
COIF Income and Accumulation Shares	251	268
CBF Church of England Deposit Fund	859	870
Other Investments	277	286
Cash at bank	286	322
	6,640	7,744